

**VILLAGE OF IRMA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

# Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

## INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Council of the Village of Irma:**

*Report on the Consolidated Financial Statements*

### *Opinion*

I have audited the consolidated financial statements of the Village of Irma (the Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Irma as at December 31, 2019, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

# Brian King Professional Corporation

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

## *Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

M.D. of Wainwright

March 10, 2020

  
Brian King Professional Corporation

Chartered Professional Accountant

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

|                                             | 2019             | 2018             |
|---------------------------------------------|------------------|------------------|
| <b>FINANCIAL ASSETS</b>                     |                  |                  |
| Cash and temporary investments (Note 2)     | 830,558          | 1,147,381        |
| Taxes and grants in place of taxes (Note 3) | 42,461           | 52,179           |
| Trade and other receivables                 | 80,121           | 90,637           |
| Due from other governments                  | 348,033          | 32,814           |
| Inventory held for resale                   | 353,059          | 366,752          |
| Other financial assets                      | 10,999           | 10,715           |
|                                             | <u>1,665,231</u> | <u>1,700,478</u> |
| <b>LIABILITIES</b>                          |                  |                  |
| Accounts payable and accrued liabilities    | 134,264          | 70,619           |
| Deposits held in trust                      | 2,500            | 2,500            |
| Deferred revenue (Note 5)                   | 20,563           | 157,135          |
| Long term debt (Note 6)                     | -                | 135,307          |
|                                             | <u>157,327</u>   | <u>365,561</u>   |
| <b>NET FINANCIAL ASSETS</b>                 | <u>1,507,904</u> | <u>1,334,917</u> |
| <b>NON-FINANCIAL ASSETS</b>                 |                  |                  |
| Tangible capital assets                     | <u>5,468,097</u> | <u>5,113,186</u> |
| <b>ACCUMULATED SURPLUS (NOTE 9)</b>         | <u>6,976,001</u> | <u>6,448,103</u> |

*Commitments and contingencies - See Note 14*



# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

|                                                                     | Budget<br>(unaudited) | 2019                    | 2018             |
|---------------------------------------------------------------------|-----------------------|-------------------------|------------------|
| <b>REVENUE</b>                                                      |                       |                         |                  |
| Net municipal property taxes (Schedule 3)                           | 455,000               | <b>453,667</b>          | 449,614          |
| User fees and sales of goods                                        | 325,100               | <b>368,062</b>          | 320,068          |
| Penalties and costs on taxes                                        | 9,500                 | <b>12,989</b>           | 12,687           |
| Licenses and permits                                                | 500                   | <b>2,168</b>            | 13,147           |
| Fines                                                               | 500                   | -                       | 77               |
| Franchise and concession contracts                                  | 120,000               | <b>127,924</b>          | 114,296          |
| Investment income                                                   | 5,000                 | <b>4,258</b>            | 8,171            |
| Rentals                                                             | -                     | -                       | 1,650            |
| Government transfers for operating                                  | 157,159               | <b>379,048</b>          | 342,513          |
| Other                                                               | 9,750                 | <b>167,738</b>          | 25,271           |
|                                                                     | <u>1,082,509</u>      | <u><b>1,515,854</b></u> | <u>1,287,494</u> |
| <b>EXPENSES</b>                                                     |                       |                         |                  |
| Legislative                                                         | 53,500                | <b>52,648</b>           | 43,130           |
| Administration                                                      | 201,200               | <b>200,484</b>          | 183,036          |
| Protective services                                                 | 131,150               | <b>114,362</b>          | 141,777          |
| Transportation                                                      | 219,550               | <b>173,465</b>          | 161,404          |
| Water supply and distribution                                       | 137,400               | <b>96,402</b>           | 121,438          |
| Wastewater treatment and disposal                                   | 70,100                | <b>53,580</b>           | 54,412           |
| Waste management                                                    | 75,500                | <b>71,481</b>           | 72,420           |
| Public health and welfare                                           | 10,350                | <b>7,977</b>            | 9,448            |
| Planning and development                                            | 5,000                 | <b>19,387</b>           | 10,593           |
| Recreation                                                          | 76,500                | <b>394,572</b>          | 234,794          |
| Culture                                                             | 3,900                 | <b>3,881</b>            | 3,751            |
| Amortization                                                        | 245,000               | <b>255,776</b>          | 245,632          |
|                                                                     | <u>1,229,150</u>      | <u><b>1,444,015</b></u> | <u>1,281,835</u> |
| <b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES<br/>BEFORE OTHER</b> | (146,641)             | <b>71,839</b>           | 5,659            |
| <b>OTHER</b>                                                        |                       |                         |                  |
| Government transfers for capital (Schedule 4)                       | 106,000               | <b>456,059</b>          | 406,007          |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                              | (40,641)              | <b>527,898</b>          | 411,666          |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>                       | 6,448,103             | <b>6,448,103</b>        | 6,036,437        |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>                             | <u>6,407,462</u>      | <u><b>6,976,001</b></u> | <u>6,448,103</u> |

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

|                                                | Budget<br>(unaudited) | 2019             | 2018      |
|------------------------------------------------|-----------------------|------------------|-----------|
| <b>EXCESS OF REVENUE OVER EXPENSES</b>         | (40,641)              | <b>527,898</b>   | 411,666   |
| Acquisition of tangible capital assets         | (520,100)             | <b>(610,687)</b> | (404,244) |
| Amortization of tangible capital assets        | 245,000               | <b>255,776</b>   | 245,632   |
|                                                | (275,100)             | <b>(354,911)</b> | (158,612) |
| Net (increase) decrease of prepaid assets      | -                     | -                | 3,720     |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>        | (315,741)             | <b>172,987</b>   | 256,774   |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b> | 1,334,917             | <b>1,334,917</b> | 1,078,143 |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>       | 1,019,176             | <b>1,507,904</b> | 1,334,917 |

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

|                                                                          | 2019           | 2018           |
|--------------------------------------------------------------------------|----------------|----------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b> |                |                |
| <b>OPERATING</b>                                                         |                |                |
| Excess of revenues over expenses                                         | 527,898        | 411,666        |
| Non-cash items included in excess of revenue over expenses:              |                |                |
| Amortization of tangible capital assets                                  | 255,776        | 245,632        |
| Non-cash charges to operations (net change):                             |                |                |
| Decrease (increase) in taxes and grants in place of taxes                | 9,718          | (341)          |
| Decrease (increase) in local improvement receivable                      | -              | 4,000          |
| Decrease (increase) in trade and other receivables                       | 10,516         | (26,632)       |
| Decrease (increase) in due from other governments                        | (315,219)      | (17,861)       |
| Decrease (increase) in inventory held for resale                         | 13,693         | 1              |
| Decrease (increase) in prepaid expenses                                  | -              | 3,720          |
| Decrease (increase) in other financial assets                            | (284)          | (323)          |
| Increase (decrease) in accounts payable and accrued liabilities          | 63,645         | 19,181         |
| Increase (decrease) in deferred revenue                                  | (136,572)      | (276,460)      |
|                                                                          | <u>429,171</u> | <u>362,583</u> |
| <b>CAPITAL</b>                                                           |                |                |
| Acquisition of tangible capital assets                                   | (610,687)      | (404,244)      |
| <b>INVESTING</b>                                                         |                |                |
| Decrease (increase) in restricted cash or cash equivalents               | 136,190        | 273,024        |
| <b>FINANCING</b>                                                         |                |                |
| Long-term debt repaid                                                    | (135,307)      | (38,000)       |
| <b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>                    | (180,633)      | 193,363        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                      | 995,050        | 801,687        |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                            | <u>814,417</u> | <u>995,050</u> |
| <b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>                          |                |                |
| Cash and temporary investments (Note 2)                                  | 830,558        | 1,147,381      |
| Less: restricted portion of cash and temporary investments (Note 2)      | (16,141)       | (152,331)      |
|                                                                          | <u>814,417</u> | <u>995,050</u> |

# VILLAGE OF IRMA

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 1)

|                                                     | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in Tangible<br>Capital Assets | 2019                    | 2018             |
|-----------------------------------------------------|-------------------------|-----------------------|--------------------------------------|-------------------------|------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                   | 861,998                 | 472,919               | 5,113,186                            | <b>6,448,103</b>        | 6,036,437        |
| Excess of revenues over expenses                    | 527,898                 | -                     | -                                    | <b>527,898</b>          | 411,666          |
| Unrestricted funds designated for future use        | (20,590)                | 20,590                | -                                    | -                       | -                |
| Current year funds used for tangible capital assets | (610,687)               | -                     | 610,687                              | -                       | -                |
| Annual amortization expense                         | 255,776                 | -                     | (255,776)                            | -                       | -                |
| Change in accumulated surplus                       | 152,397                 | 20,590                | 354,911                              | <b>527,898</b>          | 411,666          |
| <b>BALANCE, END OF YEAR</b>                         | <u>1,014,395</u>        | <u>493,509</u>        | <u>5,468,097</u>                     | <u><b>6,976,001</b></u> | <u>6,448,103</u> |



# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 2)

|                                                      | LAND           | LAND<br>IMPROVEMENTS | BUILDINGS      | ENGINEERED<br>STRUCTURES | MACHINERY<br>AND<br>EQUIPMENT | VEHICLES       | 2019             | 2018             |
|------------------------------------------------------|----------------|----------------------|----------------|--------------------------|-------------------------------|----------------|------------------|------------------|
| <b>COST:</b>                                         |                |                      |                |                          |                               |                |                  |                  |
| Balance - beginning of year                          | 154,322        | 6,940                | 1,102,670      | 6,385,404                | 552,699                       | 246,984        | <b>8,449,019</b> | 8,044,775        |
| Acquisition of tangible capital assets               | -              | -                    | -              | 516,663                  | 94,024                        | -              | <b>610,687</b>   | 404,244          |
| Balance - end of year                                | 154,322        | 6,940                | 1,102,670      | 6,902,067                | 646,723                       | 246,984        | <b>9,059,706</b> | 8,449,019        |
| <b>ACCUMULATED AMORTIZATION</b>                      |                |                      |                |                          |                               |                |                  |                  |
| Balance - beginning of year                          | -              | 5,783                | 328,234        | 2,610,564                | 280,110                       | 111,142        | <b>3,335,833</b> | 3,090,201        |
| Annual amortization                                  | -              | 463                  | 22,635         | 180,850                  | 38,664                        | 13,164         | <b>255,776</b>   | 245,632          |
| Balance - end of year                                | -              | 6,246                | 350,869        | 2,791,414                | 318,774                       | 124,306        | <b>3,591,609</b> | 3,335,833        |
| <b>NET BOOK VALUE OF TANGIBLE<br/>CAPITAL ASSETS</b> | <b>154,322</b> | <b>694</b>           | <b>751,801</b> | <b>4,110,653</b>         | <b>327,949</b>                | <b>122,678</b> | <b>5,468,097</b> | <b>5,113,186</b> |
| OPENING NET BOOK VALUE OF TANGIBLE<br>CAPITAL ASSETS | 154,322        | 1,157                | 774,436        | 3,774,840                | 272,589                       | 135,842        | 5,113,186        |                  |

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## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 3)

|                                              | Budget<br>(Unaudited) | 2019                  | 2018           |
|----------------------------------------------|-----------------------|-----------------------|----------------|
| <b>TAXATION</b>                              |                       |                       |                |
| Real property taxes                          | 565,210               | <b>564,856</b>        | 560,457        |
| Linear property taxes                        | 17,554                | <b>17,554</b>         | 16,480         |
| Government grants in place of property taxes | 1,036                 | <b>1,036</b>          | 1,037          |
|                                              | <u>583,800</u>        | <u><b>583,446</b></u> | <u>577,974</u> |
| <b>REQUISITIONS</b>                          |                       |                       |                |
| Alberta School Foundation                    | 122,000               | <b>123,062</b>        | 121,692        |
| Battle River Foundation                      | 6,700                 | <b>6,636</b>          | 6,632          |
| Designated Industrial Levy                   | 100                   | <b>81</b>             | 36             |
|                                              | <u>128,800</u>        | <u><b>129,779</b></u> | <u>128,360</u> |
| <b>NET MUNICIPAL TAXES</b>                   | <u>455,000</u>        | <u><b>453,667</b></u> | <u>449,614</u> |

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 4)

|                                   | Budget<br>(Unaudited) | 2019                  | 2018           |
|-----------------------------------|-----------------------|-----------------------|----------------|
| <b>TRANSFERS FOR OPERATING</b>    |                       |                       |                |
| Federal Government                | -                     | <b>11,376</b>         | -              |
| Provincial Government             | 65,650                | <b>49,664</b>         | 92,100         |
| Local Governments                 | 91,509                | <b>318,008</b>        | 250,413        |
|                                   | <u>157,159</u>        | <u><b>379,048</b></u> | <u>342,513</u> |
| <b>TRANSFERS FOR CAPITAL</b>      |                       |                       |                |
| Federal Government                | 50,000                | <b>100,000</b>        | 50,000         |
| Provincial Government             | 31,000                | <b>255,912</b>        | 291,154        |
| Local Governments                 | 25,000                | <b>100,147</b>        | 64,853         |
|                                   | <u>106,000</u>        | <u><b>456,059</b></u> | <u>406,007</u> |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | <u>263,159</u>        | <u><b>835,107</b></u> | <u>748,520</u> |

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 5)

|                                         | Budget<br>(Unaudited) | 2019                    | 2018             |
|-----------------------------------------|-----------------------|-------------------------|------------------|
| <b>Expenditures</b>                     |                       |                         |                  |
| Salaries, wages and benefits            | 391,950               | <b>347,392</b>          | 378,937          |
| Contracted and general services         | 359,350               | <b>312,762</b>          | 280,600          |
| Purchases from other governments        | 4,000                 | <b>2,845</b>            | 1,000            |
| Materials, goods and utilities          | 153,200               | <b>129,368</b>          | 138,772          |
| Transfers to local boards and agencies  | 68,200                | <b>383,689</b>          | 224,254          |
| Transfers to individuals and agencies   | 4,000                 | <b>5,049</b>            | 5,000            |
| Bank charges and short term interest    | 500                   | <b>357</b>              | 365              |
| Interest on operating long term debt    | 1,000                 | <b>644</b>              | 5,593            |
| Interest on capital long term debt      | -                     | -                       | 87               |
| Other expenditures                      | 1,950                 | <b>6,133</b>            | 1,595            |
| Amortization of tangible capital assets | 245,000               | <b>255,776</b>          | 245,632          |
|                                         | <u>1,229,150</u>      | <u><b>1,444,015</b></u> | <u>1,281,835</u> |